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REPORT OF THE SECRETARY-GENERAL PURSUANT TO PARAGRAPH 6 OF SECURITY COUNCIL RESOLUTION 1242 (1999)

I. INTRODUCTION

1. The present report is submitted to the Security Council pursuant to paragraph 6 of resolution 1242 (1999) of 21 May 1999, and provides information up to 31 October 1999 on the distribution of humanitarian supplies throughout Iraq, including the implementation of the United Nations Inter-Agency Humanitarian Programme in the three northern governorates of Dahuk, Erbil and Sulaymaniyah. It also describes developments in the implementation of the Programme since the period covered by the previous report, submitted to the Council on 19 August 1999 (S/1999/896 and Corr 1).

II. REVENUE GENERATION, PROCUREMENT AND DISTRIBUTION TO END-USERS

A. Oil production and sale of petroleum and petroleum products

2. Since the beginning of phase VI and as at 31 October 1999, the oil overseers and the Security Council Committee established by resolution 661 (1990) of 6 August 1990 have reviewed and approved a total of 80 contracts involving purchasers from 34 countries: Algeria (1), Austria (1), Belarus (1), Belgium (1), Brazil (1), Bulgaria (1), China (5), Cyprus (1), Egypt (1), Gambia (1), Greece (1), France (4), India (1), Ireland (1), Italy (4), Kenya (1), Malaysia (2), Morocco (2), Namibia (1), Netherlands (1), Panama (1), Russian Federation (19), South Africa (1), Spain (3), Sudan (1), Switzerland (6), Tunisia (1), Turkey (6), Ukraine (2), United Arab Emirates (2), United Kingdom of Great Britain and Northern Ireland (3), United States of America (1), Viet Nam (1) and Yemen (1).

3. The total quantity of oil approved for export under those contracts corresponds to approximately 389 million barrels for 180 days, the highest volume since the beginning of the Programme. Owing to higher contractual volume and higher oil prices, total revenue projected for the whole 180-day period will reach $7.2 billion (including the pipeline fees), which is still about $1.3 billion short of the increase in revenue authorized by Security Council resolution 1266 (1999) of 4 October 1999.

4. As at 31 October 1999, the export of petroleum from Iraq under the current phase has proceeded smoothly, with excellent cooperation among the oil overseers, independent inspection agents for oil (Saybolt), the relevant authorities of Turkey, the Iraqi State Marketing Organization for Oil (SOMO) and the national oil purchasers. A total of 214 loadings, 335 million barrels in all with an estimated value of $6.171 billion, have been completed. About 43 per cent of the liftings have been made at Ceyhan, Turkey. This proportion is expected to continue until the end of phase VI.

5. The overseers have continued to advise and assist the Security Council Committee established by Council resolution 661 (1990) on pricing mechanisms, contract approval and modifications and other pertinent questions related to exports and monitoring, under Council resolution 986 (1995) of 14 April 1995 and all subsequent relevant resolutions. The overseers and Saybolt have worked closely to ensure the monitoring of the relevant oil installations and the liftings.

6. Since 1 July 1999, there has been only one oil overseer in the service of the Iraq Programme. The Security Council Committee has still been unable to agree on the selection and appointment of other overseers. Additional overseers must be appointed without delay in order to avoid any possible disruption to the Programme, in particular with regard to the expeditious processing of contracts for the sale of oil.

Mina al-Bakr

7. Conditions at the Mina al-Bakr oil-loading terminal continue to be of considerable concern. Little improvement by the Government of Iraq has been seen since the visit to Mina al-Bakr of the United Nations team in April 1999, and unsafe and unhygienic working conditions and practices continue. As stated in my previous report (S/1999/896 and Corr.1, para. 9), the in-depth report of the United Nations team was submitted by the Office of the Iraq Programme to the Ministry of Oil in June 1999.

8. As at 5 November 1999, a total net volume of 196,577,158 barrels of Basrah Light oil had been loaded from Mina al-Bakr during the reporting period, averaging 1.19 million barrels per day. This is an increase of 11.75 million barrels over the same number of days in the previous phase.

9. Deterioration of the loading terminal is apparent and certainly influenced by the increase in the export of crude oil through the terminal in comparison with conditions at the start of the Programme.

Botas Terminal, Ceyhan, Turkey

10. Transfer of Kirkuk crude oil from Iraq to Turkey via the Kirkuk-Yumurtalik pipeline has continued uninterrupted throughout the period, and has averaged 914,768 barrels per day.

11. The flow of oil from Iraq to Turkey is continuously monitored at both the border crossing point at Zakho and into the storage tanks at Ceyhan. A daily

reconciliation of these volumes is made to ensure that no crude oil can be diverted. The contract application for the repair and rehabilitation of the metering station at Zakho has not yet been submitted to the Security Council Committee for its consideration, owing to certain payment clauses that are not allowed under the current procedures of the Committee. Although work is still required on the 46-inch pipeline, repair and rehabilitation must be carried out on the metering station to increase throughput via the northern export route.

12. As at 5 November 1999, the volume of oil loaded to vessels at Ceyhan, under the supervision of Saybolt, was 149,551,680 barrels during the reporting period. This is an increase of 22.4 million barrels over the same number of days in the previous phase.

B. United Nations accounts pertaining to the Iraq Programme

13. The United Nations accounts pertaining to the Iraq Programme are divided into seven separate funds pursuant to paragraphs 8 (a) to (g) of Security Council resolution 986 (1995). As at 31 October 1999, of the $8.3 billion authorized under resolutions 1242 (1999) and 1266 (1999), $4,807.6 million had been deposited into the account for phase VI, bringing the total oil sale since inception to $18,141.5 million. Annex I to the present report shows the allocation of the total oil revenue among the various funds and the corresponding expenditures as at 31 October. Annex II shows the number and value of the letters of credit pertaining to oil proceeds and humanitarian supplies.

C. Prioritization, processing and approval of applications, delivery to Iraq and distribution to end-users

ESB (53 per cent) account

14. During the reporting period, the Office of the Iraq Programme has processed applications submitted under phases IV, V and VI. With regard to phase IV, projections of phase IV interest and reimbursements now indicate that it will be possible to circulate and eventually fund many of the 24 remaining applications submitted. Some phase IV applications pertaining to items requiring relatively early delivery may, once approved, be transferred to a subsequent phase for funding. Consultations are now under way with the Government of Iraq with respect to ending acceptance of phase IV applications under the ESB (53 per cent) account.

15. As at 31 October 1999, 1,228 applications covering the full, amended allocations for all sectors, at a total value of $2,176,939,405, had been received either as new submissions or as transfers from phase IV. As at 31 October 1999, a total of 215 applications, valued at $508,744,145, had been transferred from phase IV to phase V. In turn, 15 applications valued at $34,399,273 had been transferred from phase V to phase VI. Unless additional applications are submitted for the present phase and unless a significant number of applications are released from hold, the increased allocations will permit

the circulation without restriction of applications received in all sectors, except for agriculture and food-handling equipment. At present, applications uncirculated under phase V represent a value of approximately $256 million. This is attributable to incomplete applications awaiting information to be provided by suppliers or the Government of Iraq, the need for distribution plan amendments, contracts awaiting removal of payment clauses unacceptable to the Security Council Committee, and delays in processing owing to a significantly increased workload and insufficient staff to meet the increased demand.

16. In the light of Security Council resolution 1266 (1999) and a gross oil sales forecast for phase VI of approximately $7 billion, I conveyed to the Government of Iraq on 12 October 1999 (see S/1999/1053, annex I) my acceptance of the proposed adjustments to the phase VI sectoral allocations that the Government had submitted for my consideration on 28 September 1999. Phase VI applications, however, have been slow to arrive during the reporting period, with the exception of the food, agriculture and electricity sectors. As at 31 October 1999, applications received for oil spare parts comprise only 12.8 per cent of the original phase VI allocation; for health, only 34 per cent; for education, 14.5 per cent; and for water and sanitation, 8.4 per cent. In contrast, applications received for the food and electricity sectors have exceeded the original allocations, although they fall within the revised allocations. Under phase VI, there has been marked improvement in the timeliness of the submission of applications for the commodities necessary to bolster the nutritional value of the food basket, such as pulses, milk and cheese.

17. During the reporting period, one application valued at $775,000 was transferred from phase IV to phase VI, and 15 applications valued at $34,399,273 were transferred from phase V. Overall, approximately two thirds of the applications received under phase VI have been circulated, with uncirculated applications representing a value of some $650 million. The reasons for the high level of uncirculated applications are similar to those listed for phase V (see para. 15 above).

18. During the reporting period, applications received by the Office of the Iraq Programme continued to increase significantly in both quantity and complexity. The number of applications submitted has increased from the 1,160 received under phase III for both accounts - ESB (53 per cent) and ESC (13 per cent) - to 2,229 under phase V as at 31 October 1999, which has severely strained the processing capacity of the Office of the Iraq Programme. The Office has taken a number of steps to respond to this increased workload. Two additional customs experts joined the Office in October 1999 to enhance capacity to evaluate and circulate applications. On 12 October, an orientation briefing was held, attended by representatives of 46 permanent missions to the United Nations, which was aimed at improving the quality of applications submitted. For the same purpose, a workshop was held for United Nations agencies and programmes on 22 October. Both briefings focused on a new procedure for submitting application data in electronic format and on revised guidelines for filling out applications, both of which had been approved by the Security Council Committee on 3 September 1999. In addition, the Office has streamlined its procedures for distribution plan amendments. Currently, the

Office is assessing the impact on staffing of further workload increases projected as a result of the augmentation in revenues authorized by Security Council resolution 1266 (1999).

19. In my previous report, I noted that a considerable number of applications received under phases V and VI included payment clauses that were not in conformity with the procedures of the Security Council Committee, the memorandum of understanding between the United Nations Secretariat and the Government of Iraq (S/1996/356) and relevant Security Council resolutions. During the reporting period, such payment clauses were found in 101 phase V applications with a total value of $265,781,710, and in 82 phase VI applications with a total value of $138,069,288. Subsequently, the Security Council Committee agreed that contracts containing retention clauses would require amendment prior to circulation. As a result, 104 amendments revoking such clauses were submitted to the Office of the Iraq Programme, and were approved by the Committee, in particular in the food and health sectors, leaving only 50 phase V and 29 phase VI contracts with retention clauses held in abeyance pending amendment. Two other types of payment mechanisms - deferred automatic payment clauses and counter guarantees/performance bonds - are still under consideration by the Committee. In the interim, applications containing such provisions have been circulated to the Committee, and all have been placed on hold.

20. The Office of Iraq Programme has taken a number of steps to facilitate exchanges of information with a view to expediting the release of applications placed on hold. A list of drought-related applications on hold was prepared and resulted in the release of a number of these applications. Procedures concerning holds have been discussed in formal briefings with both permanent missions and United Nations agencies and programmes. The Office of the Iraq Programme has provided the Security Council Committee on a regular basis with detailed statistical updates on holds, including sectoral breakdowns and an overview of reasons provided by Committee members imposing holds. The Office is currently circulating to suppliers, United Nations agencies and programmes and ministries of the Government of Iraq a set of recommendations for addressing the most common reasons for applications being placed on hold. It is hoped that by providing detailed technical specifications and explanations of end-use to the Committee at the outset, the number of holds imposed will be reduced.

21. Despite these efforts, the number of holds increased during the reporting period, with 621 applications, valued at $807.7 million, on hold as at 31 October 1999. In my letter dated 22 October 1999 addressed to the President of the Security Council (S/1999/1086), I invited the Security Council Committee to undertake an early review of all applications currently on hold with a view to expediting a decision, as appropriate, in each case. The United Nations Office of the Humanitarian Coordinator for Iraq, together with the United Nations agencies and programmes implementing the Programme in Iraq, have been requested to provide, in consultation with the Government of Iraq, detailed reports on the impact of holds on the implementation of the humanitarian programme.

ESC (13 per cent) account

22. As at 31 October 1999, there were nine applications on hold, valued at $681,782.

III. OBSERVATION AND MONITORING ACTIVITIES

A. Inspection and authentication of humanitarian supplies

23. The United Nations independent inspection agent, Cotecna Inspection S.A., continued to authenticate the arrival of humanitarian supplies at the entry points at Al-Walid, Trebil, Umm Qasr and Zakho, and to report on the arrival of humanitarian supplies procured under the ESC (13 per cent) account by the United Nations agencies and programmes for the governorates of Dahuk, Erbil and Sulaymaniyah. Expedited sampling and testing has continued on a trial basis with laboratories in Jordan and Turkey, thereby increasing the rate at which results can be provided to the inspection agents in the absence of mobile testing laboratories at entry points. The Government of Iraq has maintained its decision not to permit the stationing of these mobile laboratories. More extensive testing, when required, is carried out in Switzerland.

24. Cotecna and the Multidisciplinary Observer Unit have been unable to report any reversal of the ongoing deterioration of facilities at the port of Umm Qasr, which could jeopardize logistics channels in particular for the discharge and forward delivery of bulk commodities such as foodstuffs. The Office of the Iraq Programme has continued to press the Government of Iraq to take steps to bring about the necessary improvements. While operational dredgers, spare parts for tugboats, forklifts, new straddle carriers for the discharge of vessels and new fire-fighting vehicles have been included for Umm Qasr under the distribution plan for phase VI, the submission of applications for those items has been slow. One application for a $2.8 million dredger, submitted in this context during the reporting period, has been placed on hold for potential dual-use, with a request for technical specifications.

B. Monitoring of oil spare parts and equipment

25. The arrival of oil spare parts and equipment under phase IV (362 shipments), phase V (61 shipments) and phase VI (1 shipment) has continued at an increasing pace. As at 31 October 1999, a total of 424 shipments had arrived in the country, comprising 370 complete and partial contracts with a total value of $197.5 million, of a total allocation of $900 million for those three phases.

26. The number of monitors for oil spare parts and equipment deployed to Iraq has been increased to six, working from a permanent base at Baghdad. The increasing rate of delivery requires a continuous assessment of staffing requirements in order to ensure the effective monitoring of the arrival, installation and utilization of spare parts and equipment in such a large country.

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27. Special cases monitored include: the intelligent pigging of the Kirkuk-Yumurtalik pipeline; monitoring of the export of electric motors up to shipment, and inspection while under repair in Turkey; monitoring of the export of gas turbines shipped to the United Kingdom of Great Britain and Northern Ireland for repair; inspection on delivery of tugboats from China; inspection of survival craft on delivery from China; visit to the construction site of oil storage tanks at Kirkuk to confirm the arrival of materials and commencement of construction.

28. Transport problems continue, in particular from Umm Qasr to Basrah, and shortage of storage space in the Basrah warehouse remains an issue, exacerbated by the non-arrival of certain key items, preventing the distribution of items already in storage.

29. The monitors travel widely and freely throughout Iraq, having covered in excess of 120,000 kilometres to date. They continue to receive full cooperation from the relevant authorities in Iraq.

C. United Nations observation mechanism

30. Because concerns about end-use account for holds placed on nearly 18 per cent of all applications for humanitarian supplies and 7.2 per cent of all applications for oil spare parts, the Office of the Iraq Programme has sought ways to optimize the deployment of United Nations observers in Iraq so as to provide, to the extent possible, the required assurances that all supplies authorized for procurement, including potential dual-use items, are in fact utilized for the purposes authorized. The need to provide specialized authentication or monitoring procedures is either called to the attention of the Security Council Committee at the time of circulation of an application, or these procedures are included at the request of the Committee as part of the approval process. As at 31 October 1999, special monitoring procedures were being devised for 21 applications for humanitarian supplies and 19 applications for oil spare parts and equipment.

31. During the period under review, observation activities were carried out in accordance with the quarterly United Nations observation plan. With a few exceptions in areas close to Mosul and the Turkish border, regular observation activities continued throughout Iraq, despite security concerns. Cooperation in general between governmental authorities and the observation mechanism has continued to be satisfactory. However, some difficulties have been experienced. The observation activities of the United Nations Educational, Scientific and Cultural Organization (UNESCO), the United Nations Children's Fund (UNICEF), the Geographical Observation Unit and the Multidisciplinary Observer Unit were constrained in September and October 1999, owing to the lack of escorts from governmental ministries. This resulted in delays and last-minute cancellations of scheduled observations. The Geographical Observation Unit experienced difficulties in the provision of escorts in the water and sanitation, education and agriculture sectors. The Multidisciplinary Observer Unit has had difficulties in obtaining escorts from the Ministry of Agriculture, and the Ministry of Health has not provided escorts for visits to the central warehouses

of the Iraqi State Company for Importation of Drugs and Medical Supplies (Kimadia) since 25 September 1999. Whereas previously the Ministry of Health provided escorts promptly (with at least one day's advance notice), it now requires written visit schedules through the Ministry of Foreign Affairs. Between 19 September and 11 October 1999, UNESCO experienced a lack of escorts. The observation activities of UNICEF in the education sector were also disrupted by a lack of escorts between 3 and 24 October 1999.

32. On 16 September 1999, the Ministry of Foreign Affairs notified the United Nations Office of the Humanitarian Coordinator for Iraq that travel permits issued for national observation staff and drivers on a monthly basis would henceforth only be issued on a case-by-case basis, with the request to be made at least one week before to the Ministry of Foreign Affairs. This would also apply to all United Nations staff in the north for travel between the three governorates of Dahuk, Erbil and Sulaymaniyah. Although since mid-October 1999 permits have been issued for 15-day periods and have been received on time, the United Nations has stressed that national staff should work under the same conditions as international observers.

33. During the reporting period, the Geographical Observation Unit conducted 5,759 observation visits, covering all sectors of the Programme throughout the country. The Unit also carried out several special tasks, including one on the availability of Programme drugs at private and semi-private health facilities in the 15 central and southern governorates. Observers from the World Food Programme (WFP) made 79,120 visits during the reporting period, including 495 visits to silos, 1,961 to mills, 468 to warehouses, 21,352 to food and flour agents and 54,844 household spot checks. Since the inception of the Programme, WFP has visited all food and flour agents throughout the country, 10.93 per cent of all households in the centre and south, and 25.4 per cent in the three northern governorates. In June 1999, WFP introduced modified questionnaires for spot checks of food and flour agents and households in order to enhance the accuracy of observation analyses. A revised statistical methodology was introduced, supporting observation coverage of 8,592 households and 2,864 food agents per month.

34. In the health sector, the World Health Organization (WHO) made 838 observation visits in the centre and south of Iraq and 674 in the north, in addition to continuing with its comprehensive review of stocks of medical items at Kimadia at Baghdad. In water and sanitation, observers from UNICEF made 1,007 visits to water projects and warehouses at Baghdad and the 15 central and southern governorates, including 320 visits to observe chlorine supplies.

35. The Food and Agriculture Organization of the United Nations (FAO), while continuing with its regular observation activities in the agriculture sector, also undertook four end-user surveys on foot-and-mouth disease, the use of agro-chemicals in plant protection, agro-machinery and the effects of the drought. In total, FAO carried out 1,565 observations in the centre and south and 2,838 in the north. In the electricity sector, observers from the Department of Economic and Social Affairs of the United Nations Secretariat made 251 visits to over 147 locations in the 15 central and southern governorates during the reporting period, covering power plants, distribution and transmission

substations and warehouses. In the three northern governorates, the United Nations Development Programme (UNDP) undertook a comprehensive review and analysis of the installed and existing capacity of electricity generation of power plants and distribution networks. It also adopted new criteria and methodology for observing the level of programme implementation in the region for this sector.

36. In the education sector, 770 observation visits were conducted by UNESCO, UNICEF and the Geographical Observation Unit to schools, universities, warehouses, workshops, and construction and rehabilitation sites.

IV. PROGRAMME IMPLEMENTATION: EFFECTIVENESS, EQUITABILITY AND ADEQUACY

A. Implementation of the Programme in the centre and south of Iraq

37. Since the circulation of my previous report, considerable progress has been made in reviewing and analyzing the inventory of stocks in government warehouses, covering all sectors of the Programme. This exercise is yielding monthly analyses of stocks since August 1999, which are being provided to the Security Council Committee on a regular basis.

Food

38. As at 31 October 1999, foodstuffs and food-handling equipment valued at $4.237 billion had arrived in Iraq since the beginning of the Programme, of which $3.667 billion worth (86.5 per cent) had been distributed to end-users in the centre and south of the country. A total of $719.1 million worth of supplies arrived for this sector during the reporting period, and supplies worth $733.8 million were distributed. With regard to the food-handling subsector, supplies worth $145.3 million have arrived since the start of the Programme and supplies worth $135.4 million (93.2 per cent) have been distributed. While the focus of activity in this sector at the start of phase VI was to provide a food basket of 2,150 kilocalories per person per day, with the availability of additional revenues throughout the phase, in September 1999 the Government of Iraq proposed an increase in the target caloric value of the food basket financed under the Programme to 2,200 kilocalories per person per day. However, taking into consideration the unsatisfactory nutritional situation in Iraq and the necessity to provide a full food basket on a monthly basis, I have recommended to the Government of Iraq that the caloric value of the food basket should be increased to at least 2,300 kilocalories per person per day throughout the country (see S/1999/1053, annex I), which was the level approved for the enhanced distribution plan for phase IV (see S/1998/446).

39. As at 31 October 1999, the Office of Iraq Programme had received applications for food basket worth $986 million. This exceeds the original allocation for the food basket by $71 million and reflects the decision of the Government to allocate an additional $103 million to this sector. The increase will allow for the purchase of an additional 0.5 kilogrammes per person of vegetable ghee every month. The amended allocation also allows for additional

funds for pulses and adult milk and cheese without actually increasing the quantities to be procured, thus allowing for purchase of a better quality product.

40. Although the efficiency and timeliness of food basket distribution has improved slightly during the reporting period, the caloric value of the food basket, as was the case during previous periods, has fallen short of the Programme targets throughout the past six months. At the end of October 1999, of the 31 distribution cycles since the start of the Programme, the targeted food basket requirements were met in only 6, none of which were during the current reporting period. These shortfalls were largely the result of under-procurement of some commodities, notably pulses, milk and cheese. On average, the food basket as distributed during the reporting period, provided 1,993 kilocalories per person per day, thereby meeting almost 93 per cent of the caloric requirement of the food basket and 85 per cent of the protein requirements. It provided only 5 per cent of animal protein, instead of the planned 8 per cent. Reduced rations of pulses and dairy products in the monthly food basket were the main contributing factors for the shortfalls in the targeted nutritional values. Applications for the purchase of pulses were received in late September 1999, the first since November 1998. An overview of contracted commodities suggests that supplies in the pipeline for this sector would cover, on average, five months of food basket distributions, varying from less than three months for wheat to nine months for rice, infant formula and weaning cereal.

41. The budgetary allocation for the food-handling subsector, among others, provides for the rehabilitation of trucks of the Ministry of Trade, thereby ensuring adequate transportation from the Umm Qasr port to food warehouses and silos, and onward distribution to food and flour agents. Of the 850 trucks approved so far, 150 had arrived in the country. Food distribution, in particular the delivery of wheat grains from Umm Qasr to inland destinations, would also benefit from the rehabilitation of the railway system since costs of transportation by rail are half those of road haulage. Only one application for the railway sector, however, has so far been approved.

Health and nutrition

42. According to WHO, as at 31 October 1999, medicines, medical supplies and equipment valued at $739.5 million and procured under the bulk purchase arrangement, had arrived in Iraq since the beginning of the Programme, of which supplies worth $526.8 million (71.2 per cent) had been distributed to end-users throughout the country. During the reporting period, $144.6 million worth of supplies arrived and $187.3 million worth were distributed. The value of items remaining in warehouses as at 31 October 1999 amounted to $187.8 million, excluding items having failed quality testing and which were valued at $11.2 million.

43. As at 31 October, only $75 million worth of applications for the health sector had been received, of the phase VI allocation of $224 million. The ratio, however, between medicines, vaccines and supplies on the one hand, and medical equipment and spare parts on the other, at present stands at 43 per cent

to 57 per cent - not far from the 50:50 ratio envisaged for this phase. If the present ratio is maintained, it will assist in correcting the unfavourable ratio for medicines, vaccines and supplies in phase V, where these commodities constituted only 25 per cent of the value of applications received rather than the 40 per cent stipulated by the distribution plan.

44. A review of approved contracts under the first six phases for the health sector indicates that 49.6 per cent of these are for medicines, 1.8 per cent each for raw materials and laboratory reagents, 17 per cent for medical supplies, 19.2 per cent for medical equipment, 8.4 per cent for spare parts and 2.2 per cent for ambulances.

45. According to WHO, 40 per cent of key basic drugs available at almost all of the health facilities observed were financed under Security Council resolution 986 (1995) while the remainder were from other sources. A random sample analysis of 239,051 patients for whom anti-bacterial drugs were prescribed between April and September 1999 revealed that only 35 per cent received the full course of treatment. The most commonly rationed drugs were mainly solid dosage forms of antibiotics. The availability of some injectable antibiotics was also found to be low, although at the hospital level, injectable antibiotics were available to provide coverage, on average, for about three months in most of the 15 central and southern governorates. There is a shortage of anti-tuberculosis drugs. Medical supplies such as test tubes, syringes, needles and catgut were in short supply as well. The shortage of disposable syringes adversely affects immunization programmes and the safety of injections. Paediatric antibiotic preparations were, however, available in sufficient quantities at various health facilities.

46. Observations of the Geographical Observation Unit confirmed shortages of antibiotics, anaesthetics, intravenous fluids and various types of vaccines. In terms of medical equipment, observations of the Unit revealed persisting shortages of infant incubators, dialysis machines, ultrasonic and X-ray equipment, electrocardiograph machines, general laboratory equipment and patient monitors. According to the Unit, it took, on average, three to four months for the transfer of medical equipment from Kimadia to governorate warehouses and a further one to two months onward to end-user facilities. In view of the inadequacy of available supplies of basic drugs and medical supplies, the Government of Iraq was requested, in a letter dated 12 October 1999 (S/1999/1053, annex I), to ensure that all measures were taken to procure and distribute all essential pharmaceuticals in a timely manner, especially given the favourable financial situation of the Programme. The letter also pointed out that the 50:50 ratio established between drugs and medical equipment set out in the approved distribution plan for phase VI (see S/1999/671) should be fully implemented.

47. Drugs for chronic illnesses are considered priority items under all phases. As at 30 September 1999, a total of $47.3 million worth of these items had arrived in the country, of which $31.9 million worth (67.5 per cent) had been distributed. Several drugs for chronic illnesses, which had been in short supply during the first half of the reporting period, were subsequently available in sufficient quantities, while a few others were either being

rationed or were out of stock. According to WHO, the improvement is due to the arrival of orders made under different phases and the fact that Iraq has recently commenced local production of some items, thereby increasing the adequacy period for similar items delivered under the Programme.

48. Regarding anti-cancer drugs, $20.7 million worth of these had arrived in the country as at 31 October, of which $12.9 million worth (62.2 per cent) was distributed. In addition to cancer therapy drugs, radioactive pharmaceuticals worth $1 million have been distributed to specialized cancer treatment centres.

49. Between May and October, 20 confirmed polio type I cases were reported in the 15 central and southern governorates. Another 13 cases were under investigation. The quality of routine immunization coverage in many areas and the scope of national immunization days, especially among high-risk segments of the population, has declined in recent years. This may be attributed to poor health infrastructure, less than optimal social mobilization, a lack of transportation, proper supervision or staff motivation, resulting in the eruption of the disease. In response to the polio outbreak, WHO has coordinated efforts to improve acute flaccid paralysis and laboratory surveillance. Under its regular programme, UNICEF is providing six million oral polio vaccine doses for routine immunization. The Ministry of Health, together with WHO and UNICEF, conducted the first round of national immunization days in October 1999, providing coverage for 99 per cent of children under five years of age throughout the entire country. The second round of national immunization days will be conducted in November 1999.

50. A WHO review revealed that, on average, it took 56 days for the release of vaccines from quality testing laboratories owing to limited capacity in processing multiple vaccines and medical arrivals. There were shortages of reagents and standards, as well as testing animals. Delays in testing caused a substantial reduction in the coverage rate of certain vaccines such as anti-tuberculosis and measles throughout Iraq.

51. Following previous reporting on the targeted nutrition programme, the Government of Iraq has now contracted the full amounts of supplies set out in the approved distribution plans for phases IV, V and VI. As at 31 October 1999, the Office of the Iraq Programme had received the applications for five of the seven contracts signed for phases IV to VI, covering two thirds of the needs for these phases. While the United Nations agencies concerned have concluded that, in terms of supplies, the needs of the Programme, at its present capacity, will be covered by these contracts, urgent additional requirements remain in the areas of warehousing, transportation and related infrastructure/capacity-building, as well as the overall coverage of the network. I have stressed the importance of these requirements in my letter dated 12 October 1999 (S/1999/1053, annex I), in which I approved the revised phase VI allocation.

52. In late September 1999, the first shipment of high-protein biscuits, consisting of 461 tonnes procured under phase IV, arrived in the country. The quality control test was completed satisfactorily and distribution has begun. In preparation for the implementation of the targeted nutrition programme, UNICEF continued to provide training support to governmental staff in relevant

health facilities at both the central and governorate level. The Ministry of Health completed the needs assessment for the rehabilitation of governorate storage facilities and local transport. The distribution plan for the targeted nutrition programme will use the existing health infrastructure, comprising a system of screening, referral and follow-up throughout a network of 1,820 community child-care units, 300 primary health centres and 67 nutrition rehabilitation centres in the 15 central and southern governorates of Iraq. The beneficiaries will be 425,350 malnourished children under five years of age and 300,000 pregnant and lactating women. A total of 3,800 community child-care units will be needed to cover all malnourished children. The present plan, taking into account the feasibility of establishing new units, is to establish 3,000 by December 2000, thus reaching at least 75 per cent of the population of children under five of age. Further development of the programme, whereby localities will be covered progressively, will require more volunteers to manage the community child-care units, training, provision of motivation incentives, and support for the entire programme through large-scale social mobilization. This would, however, require a cash component, agreement for which has not yet been reached.

Water and sanitation

53. As at 31 October 1999, supplies for the water and sanitation sector valued at $80.7 million had arrived in Iraq since the start of the Programme, of which $62.60 million worth (77.6 per cent) had been distributed from central warehouses and $48.1 million worth (59.6 per cent) had been installed at sites or delivered to end-users. A total of $22.1 million worth of supplies for this sector arrived during the reporting period, and supplies worth $22.9 million were installed or delivered.

54. During the reporting period, UNICEF conducted an assessment of the impact of programme inputs on the rate of water production. The results revealed that programme inputs had improved the rate of water production in 64 per cent of water treatment plants, 35 per cent of water compact units and 21 per cent of water booster stations at the rates of 12 per cent, 14 per cent and 12 per cent, respectively. At the beneficiary level, it is difficult to quantify progress in water coverage, owing to deteriorating networks, long power outages and population growth.

55. The Baghdad Water and Sewage Authority received 2,157 tonnes of chlorine during the reporting period, of which 1,970 tonnes (91 per cent) had been utilized. The General Establishment for Water and Sanitation received 5,259 tonnes, of which 2,793 tonnes, or 53 per cent, were utilized. The daily utilization rate of chlorine at the water treatment plants maintained by the Baghdad Water and Sewage Authority and the General Establishment for Water and Sanitation are six and nine tonnes, respectively. The existing stocks were adequate to provide coverage for one month for the Authority and nearly eight months for the General Establishment.

56. Based on available data for May to July, on average, 433 samples for bacteriological and 1,270 samples for chlorine concentration tests by the Iraqi authorities were collected from end-user facilities and analyzed on a monthly

basis. The percentage of failed samples for bacteriological analysis ranged from 0.09 for Babel governorate to 31.41 for Thiqar governorate. The percentage of failed samples for chlorine testing ranged from none for Baghdad to 23.22 for Basrah governorate. These figures indicated that water was being contaminated during distribution owing to leakage in the network system, although chlorine dosing at the water production plants was adequately maintained.

Agriculture

57. As at 31 October 1999, supplies for the agricultural sector valued at $218.3 million had arrived in Iraq since the start of the Programme, of which $153.4 million worth (69.9 per cent) had been installed at sites or delivered to end-users. During the reporting period, a total of $93.9 million worth of supplies arrived for this sector, and supplies worth $101.4 million were installed or delivered.

58. The distribution rate of agricultural inputs continued to vary according to subsector, and was affected by a number of factors, including the drought. In the irrigation subsector, 92 per cent of arrived supplies were distributed to end-users or installed at selected sites. The utilized supplies covered approximately 26 per cent of the requirements for the replacement of old components of irrigation pumping units and 21.5 per cent of electrical motors. Their output, however, was reduced as a result of constant power cuts. Of the 52 water-drilling machines listed in distribution plans IV to VI, which are needed urgently according to FAO, only 13 had been ordered and 4 had been received. A total of 14 deep wells had been drilled and 30 deep-well pumps installed with equipment received under phase IV, irrigating 500 hectares of land. The Government has earmarked a significant portion of the revised phase VI budget for the irrigation subsector: $233 million of a total of $420.8 million, or 55 per cent.

59. Almost 70 per cent of the animal health inputs received was utilized. The Government of Iraq reported that eight million sheep and goats were vaccinated with primary doses against foot-and-mouth disease and another five million were given a second booster shot. The vaccination campaign against the disease was launched in early June, with the participation of 800 veterinarians. It was estimated that approximately three million sheep, goats and cattle had been infected with the disease in 1999 and that approximately 460,000 had died. The movement of animals from the centre and south of the country to the northern region in search of pasture exacerbated the outbreak of foot-and-mouth disease. According to the Government, the disease has now been brought under control. Contracts under phases IV and V for the supply of equipment, vaccines and drugs for mobile veterinary clinics valued at $3.2 million have, however, been placed on hold by the Security Council Committee. This could undermine subsequent efforts to prevent a resurgence of the disease through the lack of booster doses. The Government has now contracted in full for 11 million doses, estimated as the shortfall for the campaign to combat the disease.

60. Only 61.4 per cent of arrived plant protection equipment and chemicals had been delivered to the users. To improve the rate of distribution, the Government designated 300 new sales agents. Responding to an FAO survey on

agro-chemicals in June 1999, 70 per cent of the interviewed farmers favoured the new distribution system which had improved the accessibility of the end-users to agro-chemical inputs.

61. The Government of Iraq reported that the drought caused considerable reductions in the production of winter and summer crops in the country. In the rain-fed areas, 46 per cent of the wheat and barley farms were classified as damaged. Damage ranged from about 30 per cent to 100 per cent (total crop failure). Wheat and barley productions, which had averaged approximately 800,000 and 700,000 tonnes per annum, respectively, in recent years, were estimated to have declined by about 50 per cent in 1999. The area under rice cultivation during the summer was reduced by over 25 per cent.

62. Under the poultry programme, $36.9 million worth of inputs had been received since the beginning of the Programme, of which $29.2 million (79.1 per cent) had been distributed to end-users. During the reporting period, there was a significant improvement in distribution: poultry supplies worth $20.7 million were distributed compared with supplies worth $6.2 million during the previous six months. A total of 11.2 million broiler hatching eggs were received and distributed and were estimated to have produced 5.7 million chickens or 5,850 tonnes of chicken meat. The price of chicken meat per kilogramme had declined by 25 per cent compared to pre-Programme price levels. Better results could have been achieved had constraints such as delays in contract approvals and late arrivals of generators and poultry rehabilitation equipment been avoided. Long power cuts had also adversely affected the performance of the poultry programme.

Electricity

63. As at 31 October 1999, electrical equipment valued at $187.2 million had arrived in Iraq since the beginning of the Programme, of which $178.2 million worth (95.2 per cent) had been distributed to installation sites in the centre and south of the country. A total of $61.6 million worth of supplies for this sector arrived during the reporting period and supplies worth $60 million were distributed to installation sites.

64. Between 30 and 40 per cent of the total installed generation capacity in the centre and south of Iraq was available during the reporting period. Daily power cuts reached an average of 12 hours per day in most of the governorates, except Baghdad governorate, where there have been no scheduled power cuts since 23 September 1999, although some unforeseen cuts still occur outside Baghdad. About 78,000 customers in new residential areas throughout the 15 governorates are awaiting initial connection to the grid. Two areas in Muthana governorate, with a population of about 55,000, have no electricity supply. Temporary arrangements serve 50 per cent of the population in these areas with an unreliable power supply. The arrival of diesel generators, which had been placed on hold for 292 days, is expected between December 1999 and March 2000.

65. The 700 megawatt net potential increase of power generation from the thermal power plants was mostly offset by the reduced generation from hydropower plants. Low rainfall during 1998 and 1999 has seriously affected the generation

capacity of hydropower plants. During the past summer, the average generation from the hydropower plants dropped to 15 per cent of the total installed capacity of 1,602 megawatts.

Education

66. As at 31 October 1999, education supplies valued at $45.2 million had arrived in Iraq since the start of the Programme, of which an amount worth $29.5 million (65.3 per cent) had been distributed. During the reporting period, a total of $9.7 million worth of supplies arrived for this sector, and supplies worth $11.1 million were distributed. The overall distribution rate for the Ministry of Education since the start of the Programme was 32.9 per cent. The Ministry of Higher Education, which is responsible for university and other tertiary education, has distributed 71 per cent of arrived rehabilitation and construction materials, 2 per cent of arrived furniture, 59 per cent of teaching aids and accessories, 19 per cent of sports equipment, and 42.5 per cent of specialized equipment, books and journals. The overall distribution rate for the Ministry of Higher Education was 56.6 per cent.

67. The Ministry of Education has given priority to the distribution of desks, together with construction materials, while teaching aids have been distributed at a slower pace. The Ministry has been providing financial assistance for the transportation of desks from the central workshop to governorate warehouses and onward to some end-users. A consignment of 1,291 downgraded computers and 121 multimedia computers for secondary schools, ordered under phase I, arrived in Iraq in July 1999. These are currently undergoing quality testing prior to distribution to end-users.

68. Central vocational, teaching aids and printing press warehouses continued to face labour shortages, limited storage capacity, lack of appropriate handling equipment, computers and an inadequate transport fleet, thus having a detrimental effect on distribution efficiency. With a shortage of spare parts and insufficient complementary supplies, desk transformation workshops concentrated on the assembly of ready-made desks. All 200,000 desks planned for the reporting period have arrived. Of these, 73.4 per cent were assembled and distributed. The Ministry of Education printing press is producing less than 10 per cent of its installed capacity. Using funds other than those provided under resolution 986 (1995), UNICEF recruited a consultant to assess the need for the enhancement of the production capacity of the printing press.

69. The general physical condition of many schools continues to be poor, in particular in rural areas, with an acute need for more construction materials, electrical wiring, plumbing items and window and door frames and glass. United Nations observations revealed, however, that the water and sanitation provision to 32 per cent of the schools visited had improved, while 38 per cent had improved their physical environment to fairly acceptable standards.

70. Regarding the Ministry of Higher Education, all 12 universities had received either specialized commodities or support supplies. The provision of specialized commodities was not adequate, while the distribution of support supplies had improved slightly the conditions of the facilities, meeting

15 per cent of their needs. Priority needs were for laboratory equipment, books, journals and computers.

B. Programme implementation in Dahuk, Erbil and Sulaymaniyah

Food

71. As at 31 October 1999, foodstuffs valued at $563.7 million had been distributed to the three northern governorates of Dahuk, Erbil and Sulaymaniyah, under the bulk purchase agreement with the Government of Iraq, since the start of the Programme. A total of $121.7 million worth of foodstuffs for this sector was distributed during the reporting period.

72. There were no significant disruptions in the flow of food supplies to the region during the reporting period. The previously reported inefficiencies in the delivery of supplies from central warehouses to the region and complaints regarding the quality of food basket commodities have been largely overcome through formal arrangements between the Government of Iraq and WFP. These have included agreement on the health certification procedure and the regular provision of weekly stock reports from WFP warehouses to the Ministry of Trade. In August 1999, 99.5 per cent of the food agents reported receiving the food basket rations in full, compared to 25 per cent in July 1999.

73. The improved efficiency of distribution was clearly reflected at the household level. According to WFP, 89 per cent of interviewed households reported receiving the food ration in full in August 1999, compared to only 7 per cent in July 1999. Food commodities that are not distributed in a given distribution cycle, owing to shortfalls of supplies in the announced food basket, are distributed retroactively, normally within the ensuing month's distribution cycle. Nevertheless, distribution efficiency rates, in terms of timely deliveries and the completeness of the food basket in a given cycle, remained lower in the three northern governorates than in the centre and south of the country throughout the period under review.

Health and nutrition

74. As at 31 October 1999, of the bulk-purchased medicines allocated under the first five phases, an amount of $49.8 million had been received. During the period under review, there was a 263 per cent increase in the value of delivered medical items to the region, compared to deliveries in the previous six months. As at 31 October 1999, medical equipment valued at $7.3 million had arrived, of which $7.2 million worth (99 per cent) had been distributed since the start of the Programme. Nutritional supplies valued at $4.4 million had arrived since the start of the Programme, of which $3.9 million worth (88 per cent) were distributed.

75. Recently, the large volume of deliveries of medical supplies to the region has resolved the previously reported shortages of surgical gloves, disposable syringes, dressing material and anaesthetics. Additional storage space at all WHO/Department of Health warehouses in the north is, however, now needed to

address adequately this phenomenal increase in arrivals. During the reporting period, the antibiotics supplied to health facilities met between 45 to 60 per cent of actual needs. The recent delivery of large quantities of these drugs was however, expected to cover needs for the next three months. A comparison by WHO between available warehouse stocks of some important therapeutic categories and monthly needs revealed that the supply of anti-hypertensives was adequate for 69 days, while that of anti-diabetics was adequate for 203 days, provided that patient caseload and consumption rates remain constant. The average adequacy period for paediatric antibiotics and intravenous fluids in hospitals and health centres was 68 days. Most of the anti-cancer drugs were available in adequate quantities, which were expected to last for 11 months. Arrangements are under way with Kimadia for the transfer to the centre and south of Iraq of some anti-cancer drugs unlikely to be used in their entirety before their expiry date.

76. A WHO study on the impact of programme supplies in Sulaymaniyah governorate showed that there was a 13 per cent increase in the number of hospital admissions and a 5 per cent increase in the number of operations in August 1999, compared to May 1999, owing to better availability of drugs and medical supplies. Also, the introduction of health cards had reduced the patient load by 25 per cent in health centres with doctors during the period January-June 1999, compared to the period July-December 1998.

77. From May to September 1999, WHO and UNICEF played a vital role in the control of a cholera outbreak through the provision of needed medicines and supplies, in cooperation with Kimadia. The World Health Organization also provided technical assistance in the area of data collection, analysis and training and carried out an assessment of the epidemiological situation and case management of diarrhoeal diseases, including cholera. The United Nations Children's Fund provided support to the departments of health for the establishment of 25 cholera watch teams to collect stool samples for the identification of confirmed cases. In response to a request by the local authorities, WHO is studying the feasibility of constructing a 400-bed general hospital in Sulaymaniyah.

78. During the period under review, WHO completed the rehabilitation of 22 different types of health facilities, including two hospitals, four X-ray facilities and six warehouses, while 21 other projects, including a hospital and two nursing schools were under implementation. Biomedical equipment worth $21.5 million has been distributed by WHO to various health facilities.

79. The United Nations Children's Fund supported the departments of health of the three northern governorates to launch the first round of polio national immunization days in early October, providing coverage for 520,000 children below five years of age, regardless of their immunization status. During the reporting period, four cold-chain rooms with standby generators were installed in the major cities, 53 generators were provided to immunization centres and 50 generator houses were constructed. During the same period, 19 immunization centres were established. Office furniture was provided to 20 newly constructed health centres and supplementary equipment provided to 300 health centres.

80. In view of the improved nutritional trends in the region, especially with the significant reduction of acute malnutrition, UNICEF and WFP, in consultation with the local authorities, agreed to shift the focus of the programme also to include chronically malnourished children under three years of age and their families. Revised eligibility criteria were launched in June 1999, resulting in an increased caseload of beneficiaries. The change in criteria also made it possible to expand the programme to remote areas because of the simple screening methodology. At the end of October 1999, the programme had provided coverage to 80 per cent of malnourished children below three years of age. The food ration for malnourished children is fortified with vitamins and minerals to supplement the deficiency of these nutrients in the general food basket. During the reporting period, UNICEF distributed 16.1 tonnes of therapeutic milk and 104.3 tons of high protein biscuits to 73,486 malnourished children. In the same period, vitamin A capsules were distributed to 24,453 lactating mothers and 20,056 children. The United Nations Children's Fund continues to advocate the elimination of infant formula in the food basket in favour of improving the food basket for lactating mothers and provision of weaning cereals.

81. During the reporting period, UNICEF established 72 child growth monitoring units, bringing the total to 315, including 181 feeding centres which screen every month approximately 85,000 children under five years of age. In the same period, 4,031 screened children were identified as severely malnourished and 23,478 were identified as moderately malnourished. The United Nations Children's Fund trained 2,323 primary health care workers on the use of growth monitoring equipment, the promotion of breastfeeding and the prevention of micro-nutrient deficient diseases. In addition, 170 village volunteers were trained in growth monitoring and health and nutritional education in order to broaden the scope of community awareness and participation in the nutritional support programme activities carried out by UNICEF. In remote villages, 75 community child-care units have been established in the past six months, bringing the total number of such units to 170.

Water and sanitation

82. As at 31 October 1999, supplies for the water and sanitation sector valued at $53.9 million had arrived in the three northern governorates since the start of the Programme, of which supplies worth $48.4 million (90 per cent) had been installed at sites or delivered to end-users. During the reporting period, $10.1 million worth of supplies for this sector arrived, and supplies worth $14.7 million were installed or delivered.

83. As part of the drought-relief activities of the United Nations Children's Fund, the drilling of deep wells was completed at 27 of a planned 51 locations. A total of 200 water tankers were rented to bring two million litres of safe drinking water to 60,000 people daily in 374 villages. Under phases V and VI, UNICEF plans to purchase 127 medium-sized generators and 110 water tankers to address the drought situation for medium-term and long-term interventions.

84. Since the start of the programme, 353 pumps had been newly installed or replaced, including 80 in the past six months, benefiting nearly one million people. Water supply coverage in Erbil City has increased from 200,000 to over

350,000 people. The treatment plants were limited to a maximum of 18 hours a day due to power outages. A total of 27 generators and 11 transformers were installed as back-up power supply for pumping stations. Water losses of 30 to 40 per cent have resulted from leakage because of network deterioration and illegal connections. Repairs and extensions of water networks continued, with over 216 kilometres of pipe completed since the beginning of the Programme, including 66 kilometres during the reporting period.

85. With regard to rural water supply, of the 780 projects planned under phases I to III, UNICEF completed the construction and rehabilitation of 544, benefiting an estimated 190,000 people. In most of the villages where there is a pumping project, the community is now contributing to the cost of fuel for pump operation and identified volunteers to operate it.

86. Of the 414 chlorinators that have arrived, 395 have been were installed at water production sites, serving over 800,000 people in urban and semi-urban areas. A total of 400 tons of chlorine and 1,120 tons of aluminum sulphate were provided to improve water quality. The existing stock of chlorine gas was sufficient to meet demand until mid-2000. The number of pump or chlorinator houses constructed or renovated has increased from 91 to 152 during the past six months.

87. It was reported by WHO that bacteriological contamination continued to fluctuate from 7 to 20 per cent in urban areas and from 15 to 24 per cent in semi-urban areas. A sampling of potable water quality taken by WHO between January-August 1998 and during the corresponding period in 1999 in both urban and rural areas showed that there was an improvement in water quality in Erbil and Sulaymaniyah, although the level of contamination was still high by WHO standards. In the urban areas of Dahuk, the average levels of contamination were within WHO limits in both 1998 and 1999: 1.3 per cent and 2.5 per cent, respectively. In rural areas, the figures were 15.4 per cent in 1998 and 23.8 per cent in 1999, substantially below WHO quality standards.

88. The supply of 17 sewage tankers, 7 of which were distributed during the reporting period, increased the capacity to handle an estimated 850 cubic metres of liquid waste per day. A total of 9 kilometres of drainage networks had been built to improve the drainage system for waste water, excluding sewage. The final discharge from these networks is to the open field, polluting farmlands and contributing to a number of health hazards. The situation is further compounded by the illegal connection of sewers to the completed drainage networks. In rural sanitation, 4,700 household latrines and 77 community toilets were constructed, of which 1,880 were completed during the reporting period, benefiting an estimated 66,000 people.

Agriculture

89. As at 31 October 1999, agricultural supplies valued at $100.1 million had arrived since the start of the Programme, of which an amount worth $76.7 million (77 per cent) had been installed at sites or delivered to end-users. During the reporting period, $20.2 million worth of supplies arrived for this sector and supplies worth $14.8 million were installed or delivered.

90. The drought of the 1998-1999 agricultural season contributed to the drastic decrease in agricultural production in the region and its impact was visible in all subsectors of agriculture. About 1.2 million sheep and goats migrated to the mountainous areas in the governorates of Dahuk and Erbil from the centre and south of Iraq, contributing to overgrazing and reduction of fodder while also increasing the danger of a wider spreading of viral diseases such as foot-and-mouth disease and peste des petits ruminants. The production of wheat and barley crops decreased by 68 and 62 per cent, respectively, compared to the previous year. Drought-relief activities included the provision of 5.81 million litres of water per day for animal consumption and orchards in 834 villages. Tenders worth $37 million were awarded by FAO for the purchase of vaccines, drugs and feed concentrates for poultry and animals, water tankers, irrigation equipment, agro-chemicals and certified wheat seeds for quality seed production to meet some of the needs of the farmers most affected by the drought.

91. During the reporting period, 420,000 cattle, 1.915 million sheep and 1.352 million goats in the north, and 1,200,000 migrant sheep and goats from the centre and south, were provided with veterinary services through campaigns, renovated veterinary centres and deployment of mobile clinics. The three-month delay for the approval of contracts for 950,000 doses of foot-and-mouth disease vaccine by the Security Council Committee had seriously affected the timely response to foot-and-mouth disease, which became a widespread outbreak in April and May 1999. It resulted in heavy mortality rates, reaching 80 per cent, mainly in newborn animals, and in a marked drop in milk production. A vigorous vaccination campaign was launched on 1 October 1999, using the newly-arrived 475,000 vaccine doses which were considered adequate to vaccinate the entire cattle population in the northern governorates and a large portion of goats and sheep in areas close to the region.

92. Since the inception of the poultry programme, 340 new farms have been reactivated, bringing the total of functioning farms to 365. A total of 53,500 layer chickens and 116 tons of poultry feed were distributed to 12,400 needy families. As a result, animal protein availability and affordability had increased considerably for most of the population. The drought and consequent power shortages, however, had adversely affected the poultry programme. Also, there were significant increases in the price of local grain and feed as a result of the 85-day hold placed by the Security Council Committee on a contract that included 2,000 tons of concentrate feed together with other items requiring further information. It was reported by FAO that the hold caused an estimated 25 per cent shortfall in broiler chicken production.

93. Over 5,000 farmers cultivating 7,790 hectares of arable land benefited from the provision of centrifugal and deep-well irrigation pumps and pipes, the maintenance of existing irrigation infrastructure and the construction of small-scale irrigation projects. During the reporting period, 17 agricultural extension centres were renovated and their staff trained. During the same period, 3.2 million forest tree seedlings were raised and another 1.8 million seedlings were under production in the eight established forest nurseries. Preparatory works were under way to reforest 2,250 hectares with 1.35 million forest seedlings and by directly sowing four tons of forest seeds. Some 50,000 pistachio transplants were ready for distribution to small farmers. The

establishment of community nurseries in the three governorates has been initiated.

94. Commissioning and production phases for the tomato paste and fruit juice concentrate plant in Erbil governorate were completed. Installation works at a dairy processing plant in Sulaymaniyah governorate were finalized and trial tests were conducted. Equipment for the vegetable oil processing plant in Sulaymaniyah was delivered to the site and commissioning and production are expected to start in mid-November 1999. Evaluation of tenders for several new rehabilitation projects in the sector have been completed, with awarding of contracts under way, at a total cost of $11 million under phases IV and V.

Electricity

95. As at 31 October 1999, electrical equipment valued at $34.44 million had arrived in the three northern governorates since the start of the Programme, of which equipment worth $21.42 million (62 per cent) had been distributed to installation sites. Also, contracts for related services worth more than $8 million had been signed. During the reporting period, $11.39 million worth of supplies arrived for this sector, and supplies worth $4.34 million were distributed or installed. The UNDP contracts committee has approved 11 projects at a total value of $287 million, representing 85 per cent of the resources allocated under phases IV, V and VI.

96. The overall electricity supply situation in the three northern governorates has remained critical. The water levels at the two dams of Dokan and Derbandikhan have reached the minimum operational level for power generation. At the time of reporting, power supply to domestic consumers had been completely cut off and supply to essential services was limited to 16 hours per day. In exploring the various options to address this situation, UNDP continued to consult with the Central Electricity Commission at Baghdad regarding additional generating capacity and the possible reconnection of Erbil and Sulaymaniyah to the national grid. The United Nations Development Programme has finalized contracts for the procurement of three 20-megawatt diesel plants in each of the three northern governorates. Their installation is expected to start at the end of 1999.

97. Of the 224 diesel generators ordered by UNDP in its short-term response to the drought, 174 have arrived and 68 have been commissioned. The installation of all 224 units will bring an added generation capacity of 32 megawatts, provided fuel supplies are available, aimed at providing power for essential services. In addition, UNDP and WHO completed a survey on the electricity needs of hospitals and health centres for the installation of diesel generators. It is expected that 170 units will be procured, with an estimated capacity of 16 megawatts.

98. Works have continued on Dokan and Derbandikhan dams and power stations. The transformer workshop in Erbil was modernized. Pumps of 65 water wells in Erbil were provided with continuous power supply. Twelve transmission line towers damaged by wind were repaired. Power supply to two areas in Dahuk was restored through the installation of temporary transmission lines. Power

transformers were commissioned in Dahuk, and works at mobile substations in Dahuk and Sulaymaniyah was completed.

99. Of the four identical generator units delivered to Erbil, two generators encountered technical failure during the reporting period. The other two were disconnected as a precaution and will be retrofitted by the supplier. One of the broken generators has been replaced. The other may be replaced once the report of the independent assessment team, which was sent by the United Nations to determine the cause of failure, has been received.

Education

100. As at 31 October 1999, educational supplies valued at $48.27 million had arrived in the three northern governorates since the start of the Programme, of which supplies worth $39.32 million (70 per cent) had been delivered or committed.

101. The United Nations Educational, Scientific and Cultural Organization has again failed to ensure the delivery of the chalk factory for Sulaymaniyah, originally contracted under phase I. The Department of Education warehouses received 367,335 textbooks in February 1999. These were distributed to schools in September and October 1999. All printing materials for the production of the 1.6 million textbooks for the north have arrived at the Baghdad printing press warehouse, as contracted. Printing consumables were also delivered for the printing of 442,000 copies of six essential textbooks for primary school grades 1 and 2 for the three governorates, as well as 51,000 copies of textbooks for grade 6 for Dahuk and Erbil. In Sulaymaniyah, 50,000 booklets on the Convention on the Rights of the Child were produced and handed over to the Department of Education for distribution to primary schools.

102. To date, UNICEF has provided 500,000 textbooks for primary schools. Owing, however, to the very long delays in the procurement of consumables by UNESCO, the project for printing textbooks at Baghdad for distribution in the three northern governorates has not been fully implemented. As a result, the requirements of secondary schools for the new school year were not met in full. Other supplies that have been distributed include 188,925 stationery kits, 1,046 chalkboards, 1,865 desk chairs and 2,487 physical education kits, procured under phases III and IV and distributed to primary and intermediate schools during the reporting period. Of the 306 pre-schools and primary schools and 11 administrative buildings rehabilitated by UNICEF since the start of the Programme, 149 were completed during the period under review. Of the 139 primary and secondary schools constructed and rehabilitated by UNESCO, 46 were completed during the same period. All 12,410 desks for secondary schools ordered under phase IV were produced and distributed during the first half of the reporting period.

103. The impact of the Programme on primary and secondary education is reflected by the decrease in dropout and repetition rates compared to the past few years. On average, however, at the secondary level, high dropout and repetition rates persisted, exceeding 10 and 30 per cent per annum, respectively. Nevertheless, according to local authorities, enrolment rates in some schools have increased

by 20 per cent, which is considerably higher than the targeted increase of 5 per cent. The impact of the Programme on higher education has been felt mainly on the administrative facilities of these institutions.

Rehabilitation of settlements

104. As at 31 October 1999, supplies and funds for the settlement rehabilitation sector valued at $54.4 million had arrived in the three northern governorates since the start of the Programme, of which $35.2 million worth (65 per cent) had been utilized or disbursed. A total of $11.4 million worth of supplies for this sector arrived during the reporting period, and supplies and funds worth $13.4 million were utilized or disbursed. The focus of activity has been to rehabilitate housing, infrastructure and community services in urban, semi-urban and rural areas in order to encourage the voluntary or assisted return of internally displaced persons and to enable them to settle on a permanent basis.

105. The assistance component for internally displaced persons has been increased under phases V and VI to accommodate the arrival of a large number of returnees from the Islamic Republic of Iran and internally displaced persons in the region. During the reporting period, 1,209 families arrived in Dahuk and 1,792 families arrived in Erbil from the Islamic Republic of Iran. In response to the situation, projects for the construction or rehabilitation of 2,500 housing units were identified by the United Nations Centre for Human Settlements in Dahuk and Erbil governorates. In Erbil, 967 houses are under various stages of construction or rehabilitation and in Dahuk governorate, over 400 families have benefited. The most urgent works were expected to commence before the winter months. Complimentary facilities and services, such as schools, health, water and roads are being planned in parallel with the house construction.

106. Since the beginning of the Programme, the United Nations Centre for Human Settlements has been involved in the completion of 3,940 housing units, mostly for the use of internally displaced persons. During the reporting period, 73 housing projects were initiated, each of them for between 50 and 200 houses. Projects completed by the Centre included those for 166 schools, 47 health facilities, 70 roads and bridges, 3,940 housing units and 121 water and sanitation works. Since the beginning of the Programme, over 1,100 villages have been provided with services and shelter. More than 950 kilometres of access roads have been built to hundreds of villages. Water distribution has benefited over 650,000 inhabitants in rural and urban areas. Sewerage has improved the living conditions of over 500,000 people in urban or semi-urban areas.

Mine clearance

107. As at 31 October 1999, supplies and funds for the mine clearance programme valued at $18.5 million had arrived or been contracted for in the three northern governorates since the start of the Programme, of which $16 million had been utilized or distributed.

108. The budgetary allocation for this sector has been increased to $10.5 million under phase VI, compared to $5.8 million under phase V. This is expected to enhance the effectiveness of the operation, through an increased number of manual demining teams and an expanded capacity to mark and map minefields with the support of dog teams. Starting on 1 June 1999, some 40 local puppies were selected for training in mine detection, with a view to ensuring future demining capacity at the local level. The arrival of communications equipment, delayed at the border for many months because of customs clearance problems, has further improved the operations and the safety of United Nations Office for Project Services (UNOPS) teams. The translation of the operational briefing package in both Arabic and Kurdish has been completed by UNOPS.

109. During the reporting period, level-one survey teams, which are responsible for identifying mined areas, surveyed 395,855,915 square metres of minefields, of the cumulative total of 598,555,434 square metres since the start of the Programme. Level-two survey teams, which are responsible for marking and mapping minefields, surveyed 442,062 square metres of minefields of the cumulative total of 1,470,258 square metres. Some 306 new minefields were identified during the same period, bringing the total number of new minefields found since the beginning programme to 2,885. In addition, 1,060,215 square metres of land were cleared of mines, of which 310,030 square metres were returned to civilian use. A total of 13 minefields have been cleared and formally handed back to the owners, four of which during the period under review. Most of the land is dedicated to agricultural use. To date, the inhabitants of 32 villages have benefited from demining activities.

110. During the period under review, some 456 mine victims were fitted with new prostheses, 86 with ortheses, 372 provided with prostheses maintenance, 254 with walking aids and 1,862 received physiotherapy treatment.

V. OBSERVATIONS AND CONCLUSIONS

111. An efficient, effective and equitable programme of delivery and distribution remains the key to fulfilling the humanitarian objectives of Security Council resolution 986 (1995). At this stage in its implementation, we need to strike a balance between initiatives designed to improve the day-to-day workings of the Programme and more wide-ranging innovations required to meet its aims more effectively.

112. In reviewing the current phase, I am pleased to note that there have been welcome improvements. The Secretariat has received applications for over 90 per cent of the required food basket items set out in the distribution plan and the contracting bottlenecks that held up the targeted nutrition programme have now been overcome. In the favourable revenue situation that exists at present, I have recommended to the Government that a food basket of a minimum of 2,300 kilocalories per person per day country-wide be provided under the Programme, in line with its undertaking in the enhanced distribution plan. Similarly, now that targeted nutrition inputs are arriving in Iraq, I hope that the Government will establish a comprehensive and efficient distribution

mechanism so that this Programme can now contribute to improved health of infants at birth and a reduction in the mortality rate of children under five years of age. Accordingly, I wish to reiterate my recommendation contained in my previous report that the Government increase the funding level for targeted nutrition programmes so as to expeditiously improve the nutritional status of children (S/1999/896 and Corr.1, para. 103). Although the submission of contracts in the health sector has again been slow, I am pleased to note that in those phase VI applications that have been submitted to date, the Government has adhered to its stated intention of an equal balance between drugs and equipment. It is also encouraging that the Ministry of Health has now submitted contracts for handling equipment to increase warehouse efficiency. I recommend that the Government take similar measures in other sectors.

113. I note with concern that, notwithstanding the acknowledged importance of improved water and sanitation to the health and nutritional status of the population, phase VI applications for this sector have been the slowest in reaching the Office of the Iraq Programme.

114. I am pleased that the delivery of foodstuffs to the three northern governorates has improved following agreement between WFP and the Government on food quality certification and the provision of weekly stock reports. These measures are intended to reassure both the local authorities and population concerning the quality of the food ration distributed in the three northern governorates. It is reported by WHO that there has been a substantial increase in the number of shipments and the value of health commodities reaching the north in September 1999 in comparison with the preceding three months. This has addressed shortages of essential medical consumables. Through Kimadia's prompt supply of drugs, WHO and UNICEF were able to respond to the cholera outbreak in a timely and efficient manner.

115. The arrival of 950,000 doses of foot-and-mouth disease vaccine has enabled the launching of a campaign that will vaccinate the entire cattle population as well as a large proportion of sheep and goats of the three governorates. The United Nations agencies throughout the three northern governorates also undertook a range of drought alleviation activities, including the daily distribution of millions of litres of water for human and agricultural needs. The impact of the drought on the electricity sector has been very serious, however, reducing the generating capacity of the two hydroelectric dams to their minimum level. The effect has been felt through all sectors, with power supply to domestic consumers cut and even essential services now subject to rationing. Although the provision of emergency generators through UNDP constitutes a short-term response, in the longer term the reconnection of Erbil and Sulaymaniyah governorates to the national grid will need to be implemented, in accordance with the understanding reached between the Government and the local authorities. The modalities for meeting the necessary recurrent costs for electricity supplied from the national grid to the three northern governorates from the Programme will need to be worked out.

116. Notwithstanding the enormous humanitarian difficulties faced by the Iraqi people, the Programme continues to have a positive impact. The range and quantity of commodities en route as well as those awaiting distribution and utilization mean that the potential impact of the Programme is greater still.

The Programme has now delivered 12 million tonnes of food and related items that continue to be distributed efficiently through the rationing system. Health sector supplies worth over $729 million have reached Iraq, although the adequacy of such supplies varies according to the type of drugs and supplies in question. As I have repeatedly observed in previous reports, the Government of Iraq needs to give greater attention to the provision of basic pharmaceuticals, primary and preventive health-care services and material support for more effective distribution. While it is encouraging to see a reduction in health supplies in storage, now valued at $187.8 million, this is still almost the value of the entire distribution plan allocation in phases I to III. I therefore welcome the efforts of WHO and the Ministry of Health to find ways of securing the optimum distribution of resources provided under the Programme.

117. It should be noted that inputs provided under Security Council resolution 986 (1995) have been utilized in achieving a significant improvement in the supply of electricity to Baghdad. I hope that the Government will also ensure comparable improvements in the supply of electricity to areas outside Baghdad. This requires a corresponding effort by the Security Council Committee to expedite the approval of relevant applications and reconsider applications currently on hold, as electricity supply affects all sectors.

118. Improvement in contracting, processing applications, delivery and distribution of supplies are essential if the Programme is to maintain or increase momentum. Although a number of effective measures have been taken to address this situation, the sizeable expansion of the Programme anticipated as a result of the increased revenues authorized by Security Council resolution 1266 (1999) make it imperative that every possible means be utilized to streamline the applications approval process. I therefore strongly urge permanent missions and United Nations agencies submitting applications to make full use of the new capacity of the Office of the Iraq Programme to receive application data in electronic format.

119. The significant increase in the quantity and complexity of applications which I underlined in paragraph 15 of the present report has severely strained the processing resources of the Office of the Iraq Programme. The workload has increased more than fourfold since phase III, when over 19,000 line items in applications worth $1.3 billion were processed. With the increase of funds authorized by Security Council resolution 1266 (1999), it is estimated that about 90,000 line items in applications worth some $4.5 billion will be processed. Therefore an increase in staffing commensurate with workload will need to be made.

120. Another measure that would improve processing would be the implementation of the simplified procedures to approve applications for foodstuffs (S/1998/336, appendix), which came into effect on 29 May 1998, conferring upon the Secretariat the authority to scrutinize and submit such applications directly to the Chairman for approval. However, because the pricing mechanism required under the guidelines has yet to be submitted by the Government of Iraq, applications for foodstuffs continue to be circulated to the Committee according to existing no-objection procedures. I should like to recommend that the Security Council Committee and the Government of Iraq work with the Office of

the Iraq Programme to implement this measure, thereby freeing staff resources to process more technically demanding applications.

121. In regard to additional oil spare parts, I should like to reiterate my recommendation to the Security Council, contained in my letter dated 12 October 1999 addressed to the President of the Security Council (S/1999/1053), to approve the request of the Government of Iraq to increase by $300 million the allocation for oil spare parts and equipment, bringing the total allocation to $600 million, during phase VI.

122. I also wish to reiterate my previous recommendation for a resolution of the difficulties encountered with regard to the appointment of additional oil overseers (S/1999/896 and Corr.1, para. 96). I also remain concerned by the continuing need for urgent measures to be taken by the Government of Iraq to ensure a safe working environment at the Mina al-Bakr oil-loading terminal (S/1999/896 and Corr.1, para. 97).

123. In my letter dated 22 October 1999 addressed to the President of the Security Council (S/1999/1086), I recommended that a prompt solution be found to the problem of the increase in applications placed on hold. To this end, I wish to reiterate my recommendation that the Security Council Committee undertake an early review of all applications currently on hold with a view to expediting a decision, as appropriate, in each case. The Government of Iraq and its suppliers have a vital role to play in the timely provision of technical specifications and end-user information in order to facilitate the review of applications on hold and to ensure that all relevant information is made available to the Security Council Committee. This will help to avoid applications being placed on hold for want of sufficient information.

124. Improvements are also needed in the provision of essential baseline data for United Nations observation activities and in ensuring timely access to all relevant facilities by United Nations observers. I note with concern the disruption to United Nations observations activities caused by the lack of escorts described in this report. Also in this context, I call upon the Government of Iraq to ensure that the provisions concerning the freedom of movement of United Nations staff are fully respected and to rescind its new regulations concerning travel permits for United Nations staff. The regulations restrict staff movements and could lead to a negative impact on implementation in the three northern governorates and on observation activities in central and southern Iraq.

125. As stated in my previous reports, and as recently emphasized by the Executive Director of UNICEF in her briefing to the Security Council, consideration should be given to widening the scope of the Programme. Although the Programme will mostly continue to provide imported commodities, it will also need to ensure that end-users are adequately trained and equipped to make the best use of resources provided under the Programme. I appreciate that this requires careful planning and that a range of concerns must be met in an objective and transparent manner to make such initiatives possible. I have therefore asked United Nations agencies and programmes to comment on the human resource implications of projects proposed in any future distribution plans. I

would also recommend that the feasibility of a cash component be examined through a pilot project in the area of targeted nutrition programmes in the central and southern governorates subject to the approval of the Council. This would also provide the type of training already complementing the Programme in the three northern governorates.

126. I welcome the recent decision taken by the Security Council in resolution 1266 (1999), of 4 October 1999, authorizing additional oil revenues beyond those provided for by resolution 1242 (1999), equivalent to the total shortfall of revenues authorized but not generated under resolutions 1210 (1998) and 1153 (1998). While at present the price of oil continues to be higher than during the two previous phases, the oil market remains volatile. I therefore recommend that, pursuant to paragraph 14 of its resolution 1242 (1999) of 21 May 1999, the Security Council keep the current arrangements under review in order to ensure the uninterrupted flow of humanitarian supplies into Iraq.

Annex I

Status of the United Nations accounts pertaining to the Iraq Programme

1. As at 31 October 1999, of the $8.3 billion authorized under Security Council resolutions 1242 (1999) and 1266 (1999), $4,807.6 million had been deposited into the account for phase VI, bringing the total oil sale since the inception of the Programme to $18,141.5 million.

2. The allocation of total oil proceeds received to date and the corresponding expenditures are as follows:

(a) $9,242.3 million has been allocated for the purchase of humanitarian supplies by the Government of Iraq, as specified in paragraph 8 (a) of Security Council resolution 986 (1995). Also, $188.1 million of interest earned in this account was utilized for the purchase of humanitarian supplies in the central and southern governorates of Iraq. In addition, an amount of $239.6 million was due for the reimbursement for bulk purchases made by the Government of Iraq for northern Iraq and distributed by the United Nations Inter-Agency Humanitarian Programme. Letters of credit issued by the Banque nationale de Paris on behalf of the United Nations for the payment of those supplies for the whole of Iraq amounted to $7,402.5 million under phases I to VI;

(b) $2,247.5 million has been allocated for the purchase of humanitarian goods to be distributed in the three northern governorates by the United Nations Inter-Agency Humanitarian Programme, as specified by the Security Council in paragraph 8 (b) of its resolution 986 (1995) and as revised by the Security Council in paragraph 2 of its resolution 1153 (1998). Expenditures recorded for humanitarian goods approved by the Security Council Committee amounted to $1,205 million;

(c) $5,397.1 million has been transferred directly into the United Nations Compensation Fund, as specified by the Security Council in paragraph 8 (c) of resolution 986 (1995). As at 31 October 1999, $125.4 million had been allotted to cover the operating expenditures of the Compensation Commission and an amount of $3,830.1 million for the payment of instalments of "A", "C", "D", "E" and "F" claims;

(d) $382.9 million has been allocated for the operational and administrative expenses of the United Nations associated with the implementation of Council resolution 986 (1995), as specified in paragraph 8 (d) of that resolution. Expenditures for administrative costs for all United Nations entities involved in implementing the resolution amounted to $217.2 million;

(e) $129.8 million has been allocated to the United Nation Special Commission for the Disarmament of Iraq for its operating expenses, as specified in paragraph 8 (e) of Security Council resolution 986 (1995). Expenditures for the Commission amounted to $72.8 million;

(f) $622.3 million has been set aside for the transportation costs of petroleum and petroleum products originating in Iraq exported via the Kirkuk-Yumurtalik pipeline through Turkey, in accordance with paragraph 8 (f) of Security Council resolution 986 (1995) and in line with the procedures adopted by the Security Council Committee. Of that amount, $518.7 million has been paid to the Government of Turkey;

(g) $119.5 million has been transferred directly to the escrow account established pursuant to Security Council resolutions 706 (1991) and 712 (1991) for the repayments envisaged under paragraph 6 of its resolution 778 (1992), as specified in paragraph 8 (g) of resolution 986 (1995) and subsequently in paragraph 34 of the interim report of the Secretary-General on the implementation of Council resolution 986 (1995) (S/1996/978). The total repayments made amounted to $119.5 million.

Annex II

Oil proceeds

Phase	Last deposit	Letters of credit	
		Number	Value (United States dollars)
I	27 June 1997	123	2 149 806 395.99
II	2 January 1998	130	2 124 569 788.26
III	30 June 1998	186	2 085 326 345.25
IV	28 December 1998	280	3 027 147 422.35
V	25 June 1999	333	3 947 022 565.12
VI (Current)	As at 31 October 1999	316	4 807 601 392.14
Total		1 368	18 141 473 909.11

Humanitarian supply letters of credit for ESB (53 per cent) account and bulk procurement

Phase	Letters of credit opened		Bank payments made on delivery (United States dollars)
	Number	Value (United States dollars)	
I	870	1 229 078 786.79	1 240 353 263.81
II	538	1 197 759 389.19	1 159 179 100.33
III	669	1 209 273 197.37	1 105 867 161.70
IV (Humanitarian supplies)	674	1 547 853 023.80	1 154 452 995.21
IV (Oil spare parts)	441	245 949 576.81	116 856 969.56
V (Humanitarian supplies)	790	1 405 299 434.78	674 158 147.98
V (Oil spare parts)	281	113 400 411.66	5 491 393.47
VI (Current humanitarian supplies)	165	449 214 703.80	
VI (Current oil spare parts)	6	4 629 059.88	
Total	4 434	7 402 457 584.08	5 456 359 032.06